



PAETEC

NEWS RELEASE

FOR IMMEDIATE RELEASE

PAETEC Acquires Quagga

West Coast Value- Added Reseller to Enhance PAETEC's Equipment Capabilities

FAIRPORT, N.Y. - June 8, 2010 - PAETEC Holding Corp. (NASDAQ GS: PAET), a FORTUNE 1000 company, announced today that its wholly-owned subsidiary, PAETEC Corp., has closed on the acquisition of Quagga Corporation, a privately-held Sacramento-based company. As a world-class systems integrator, Quagga is the top Avaya partner on the West Coast, with expertise in IP-based voice and video systems for medium and large businesses. The company also specializes in data and business process management as well as consulting, design and maintenance of communication systems. Upon the closing of this acquisition, Quagga will become part of PAETEC's Integrated Services Group (ISG) focused on delivering complete equipment-based communications solutions to businesses nationwide.

"The acquisition of Quagga fits our five-year strategic plan and further extends our ability to fight unfair in the marketplace by offering unique capabilities which our competitors simply can't match," said Douglas Derstine, PAETEC's president of wholesale also overseeing equipment sales. "For nearly 10 years, we've had a robust Value Added Reseller presence in the Eastern United States. The addition of Quagga now allows our equipment capabilities to more geographically mirror those of our national network business."

Quagga was founded in 2003 by Ken Apperson and Scott Knorp with a focus on delivering unmatched service through the integration of IP-based voice and video solutions. Over the past six years, the company has grown to 80 employees and is the largest Avaya partner in the western region as well as a leading integrator of Polycom, Lifesize and Tandberg video collaboration applications. With sales offices throughout California, New Jersey, Texas, Arizona, Missouri and Nevada, the company's 150,000 IP voice and video endpoints worldwide are the most of any value added reseller (VAR) in the nation,

"Being a part of a national leader in telecommunications like PAETEC will yield immediate benefits for our customers and employees alike," said Scott Knorp, co-founder of Quagga. "Not only do we share a unique passion for serving customers with complete, personalized business communications solutions, but now have a new, immense product portfolio to offer our customers."

Quagga will initially keep its name and continue to operate under the leadership of Apperson and Knorp. For more information on Quagga, visit their web site at www.quagga.com.

Forward-Looking Statements

Except for statements that present historical facts, this release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. In some cases, you can identify these statements by such forward-looking words as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "should," "will" and "would," or similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause PAETEC's actual operating results, financial position, levels of activity or performance to be materially different from those expressed or implied by such forward-looking statements. Some of these risks, uncertainties and factors are discussed under the caption "Risk Factors" in PAETEC's 2009 annual report on Form 10-K and in PAETEC's subsequently filed SEC reports. They include, but are not limited to, the following risks, uncertainties and other factors: general economic conditions and trends; the continued availability of necessary network elements at acceptable cost from competitors; changes in regulation and the regulatory environment; industry consolidation; PAETEC's ability to manage its business effectively; competition in the markets in which PAETEC operates; failure to adapt product and service offerings to changes in customer preferences and in technology; PAETEC's ability to integrate the operations of acquired businesses; PAETEC's ability to implement its acquisition strategy; any significant impairment of PAETEC's goodwill; future sales of PAETEC's common stock in the public market and PAETEC's ability to raise capital in the future; interest rate risks and compliance with covenants under PAETEC's debt agreements; PAETEC's ability to attract and retain qualified personnel and sales agents; PAETEC's failure to obtain and maintain network permits and rights-of-way; PAETEC's involvement in disputes and legal proceedings; PAETEC's ability to maintain and enhance its back office systems; and effects of network failures, system breaches, natural catastrophes and other service interruptions. PAETEC disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

About PAETEC

PAETEC (NASDAQ: PAET), a FORTUNE 1000 company, is personalizing business communications for medium and large businesses, enterprise organizations and institutions across the United States. We offer a comprehensive suite of IP, voice, data, and Internet services, as well as enterprise communications management software, network security solutions, CPE, and managed services. For more information, visit www.paetec.com.

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